

Human Capital Management
Internal Revenue Service (IRS) –
Human Capital Plan Implementation

**Key Benefit – Reduced
redundant positions, increased
liability of managers for
performance**

Background

Federal taxation agency with more than 99,000 employees and a budget of \$10.2 billion. Last year the IRS collected more than \$2 trillion in revenue and processed more than 224 million tax returns.

Challenges

The Restructuring and Reform Act of 1998 (Restructuring Act) mandated IRS to take several steps toward modernizing its organizational structure and performance management system. The IRS needed to align human capital approaches to assist in accomplishing its strategic goal of improved customer service, as well as reducing unnecessary and redundant work and personnel.

Resolution and Benefits

Implement a new organizational structure - four customer-focused operating divisions to meet the needs of the taxpayer segments it serves and reflect the agency's strategic plan.

Begin a customer service employee-training program- offers employees specialized training geared toward the taxpayer segment they serve.

Implement and realign performance evaluation system - for management positions. The new performance management plan calls for operating divisions to have complementary goals and measures to develop plans identifying the actions they need to take to meet objectives.